

The United Kingdom: “Aid in the national interest” – in the interest of the poorest?

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Overview

- The UK government has continued to meet its legislative commitment to spending 0.7% of GNI on ODA in 2016 (£12.1 billion¹) and in 2017 (£13.93 billion²) and all the main political parties pledge to keep the 0.7% commitment during the 2017 snap election.
- At the October High Level Meeting of the DAC in 2017 the UK advocated for changes in ODA eligibility criteria, with suggestions of further changes being hinted at.
- The split of UK multilateral and bilateral contributions has remained roughly in line with previous years, with bilateral ODA at 62.4% and multilateral ODA at 37.5%.
- Multilateral aid has grown faster than bilateral aid in relative terms at 8.1% (£391 million) to £5,234 million, with bilateral aid increasing by 1.9% (£164 million) to £8,698 million.
- In the realisation of the 2015 UK aid strategy, the amount of ODA spent outside the Department for International Development (DFID – the national development platform) continues to decrease. DFID’s relative share of the aid budget it manages declined to 72.5% down from 74.0% from 2016. In absolute terms, it was an increase of £234million.
- Other government departments and funds have received significant criticism from independent bodies for having poor transparency, effectiveness, coherence and accountability. These departments and funds are routinely used as the main vehicles for the Government’s increasing focus on ‘aid in the national interest’, which has involved increased funding and priority of areas including economic development, trade and security.
- The new Secretary of State for International Development, Rt Hon Penny Mordaunt MP, has been in post since November 2017. Her vision for UK Aid includes positive pledges such as ensuring that ‘aid money cannot be better spent’ and ‘finding new ways to help other departments make their spending more effective’. She makes increasing references to spending aid ‘in the national interest’ such as: “Aid helps create self-sufficient economies and our trading partners of the future” and “Britain’s security and prosperity depends upon international development.”³
- Political focus on international aid and development has been superseded with issues around Brexit. The resignation of former Prime Minister David Cameron, whose Government bought in 0.7% legislation, has meant the loss of support and political leadership from the Head of the Government.
- In early 2018 the aid and development sector was significantly damaged by historical revelations that aid workers from various NGOs had sexually exploited vulnerable people they were working with. In some instances, attempts were made at the time to cover this up this abuse.

Introduction

Since the Brexit vote in 2016, the issue of Britain’s withdrawal from the EU has dominated the UK’s political landscape. Aid and development are no exception, with a number of questions on future contributions to and on receiving of funding from European Union mechanisms. While the nuances

of the UK's future relationship with the EU have not been directly addressed, aid relationships are recognized as one of the many issues that need to be discussed and agreed upon in the UK-EU negotiations.

The political narrative of Brexit and 'taking back control' have increasingly permeated the narrative of aid and development. This has led to unprecedented media attacks and campaigns to 'take back' money currently used under the aid budget. As well, there is a record level of public scepticism around the aid budget and the 0.7% commitment at a time when political commitment to it has also waned.

In parallel to these developments, the 2015 aid strategy "tackling global challenges in the national interest" continues to be implemented, seeking to achieve objectives before the 2020 deadline. The strategy is committed to strengthening global peace, security and governance, resilience and response to crises and to promoting global prosperity, tackling extreme poverty and helping the world's most vulnerable. To realize these objectives, the Government has pledged to spend 30% of the total ODA budget outside of DFID by 2020. To date, this goal is very much on target. In 2017, DFID's proportion of the total ODA budget had declined to 72.5%, down from the 2016 level of 74.0% while the relative share of aid that other government departments manage and contribute to grew from 26.2%.to 27.5%.

To meet the UK's aid strategy objectives, a new cross government ODA fund was established, and an existing fund was bolstered with significant increases. The Prosperity Fund was established to achieve the promotion of global prosperity objective, which is working in middle-income countries to remove barriers to economic growth. A secondary benefit is that reforms brought about by supported programs have the potential to create opportunities for international business including UK companies.⁴

The Conflict, Stability and Security Fund (CSSF) was created in April 2015. In 2016/2017, its budget was £1.1 billion, with a mix of ODA and non-ODA funding (£517.8 million ODA and £586.4 million non – ODA).⁵ The CSSF, which focuses on strengthening global peace, security and governance, utilizes its resources to deliver and support security, defence, peacekeeping, peace-building and stability activities.

The Government cites both funds as examples of where aid is being used 'in the national interest'. This has been an increasingly part of the narrative of Penny Mordaunt, the new Secretary of State for International Development , who came into office in November 2017. In answering questions from the House of Commons International Development Select Committee, she said "*I would like to have projects which deliver a much more explicit win for the U.K.'s interests as well, because without that we won't be doing aid well.*"⁶

The funds themselves, however, have come under significant scrutiny and received criticism for their lack of transparency, aid effectiveness, value for money, cross government coherence and poverty focus (see below: *Increasing non-DFID ODA*).

Another pledge in the UK's 2015 aid strategy was to change the definition of ODA at the OECD's Development Assistance Committee. This was also an election manifesto on which the Conservative party were elected to Government. The manifesto noted, "We do not believe that international definitions of development assistance always help in determining how money should be spent, on whom and for what purpose, and we will work with like-minded countries to change the rules so that they are updated and better reflect the breadth of our assistance."⁷

The commitment in the aid strategy received a warmer welcome, probably because the stated reasons for the rule change were to ensure ODA reflected the breadth of the new international development agenda set by the UN Global Goals, and fully motivated other countries to meet these goals. In contrast, the 2017 Conservative party manifesto rationalized a change in the rules so “they are updated and better reflect the breadth of our assistance around the world.” If the change was not implemented, the manifesto promised unilateral action through domestic legislation to allow for a “better definition of development spending.”⁸

Increasing non-DFID ODA

At this point, DFID is still the UK’s primary aid channel. However, the 2015 aid strategy predicted that “to respond to the changing world, more aid will be administered by other government departments, drawing on their complementary skills.”⁹

By 2020, one third of the UK’s ODA will be spent by government departments outside of DFID. As well, all UK ODA, regardless of which department spends it, will be ranked as either ‘good’ or ‘very good’ on the international aid transparency index. The Government is on track to reach its target that 30% of ODA will be managed outside DFID. The rationale is this move will harness the expertise of other government departments and encourage a holistic approach to aid and development that DFID might not be able to realize on its own. Examples of the value of this strategy can be seen in the Department of Health’s management of the “Ross Fund,” which draws on in-house expertise in supporting research into diseases with epidemic potential, such as Ebola, as well as other neglected tropical diseases. Despite legitimate reasons for increasing the number of departments and funds involved in the management of ODA, the figure of 30% has never been justified. There have been arguments that the arbitrary nature of this number means that departments, who are neither as equipped or experienced as DFID, are having to handle a sudden increase in the overseeing of hundreds of millions of pounds of ODA.

Prosperity fund

An examination of the cross government Prosperity Fund demonstrates some of the problems that can arise. The Fund, which is not a government department, was set up as part of the 2015 Aid Strategy’s emphasis on supporting economic growth. As noted above, its primary work is in middle-income countries, where a portfolio of investments seeks to better enable economic growth, with the secondary benefit of creating opportunities for UK companies and international business.¹⁰ It was originally allocated £1.3 billion to deploy to this end. The Prosperity Fund’s main geographic focus lies with Middle Income Countries (MICs), which are DAC recipients such as Colombia, India and South Africa. In 2016 the Fund spent £38 million that was ODA-eligible.

The Independent Commission for Aid Impact, the body responsible for formally scrutinising UK aid spending, launched a study of the Fund. Among a number of concerns, it stated that:

“The planned scale and pace of its aid spending poses a number of risks. Chief among them is the risk that those lead government departments with little experience of large aid programmes may struggle to design and deliver programs capable of achieving intended results.”¹¹

As a result the originally planned deployment of £1.3 billion was revised to £1.2 billion from 2016/17 to 2021/22.

Conflict, Stability and Security Fund (CSSF)

The CSSF's mandate is to promote the economic development and welfare of developing countries by strengthening peace and resilience where there is actual, or a risk of, conflict and instability. This purpose aligns with national security objectives of "Protect our People" and "Project our Influence". In 2016, the CSSF's budget was £1.127 billion, of which £600.9 million was spent on ODA-eligible activities.

The rationale for blending ODA and non-ODA funding is that it enables a wider range of departments to deliver on instructions from the National Security Council, which administers the Fund. This, in turn, facilitates a more holistic and integrated UK approach to conflict and instability. As a result, the CSSF can respond to NSC priorities as they evolve as opposed to being restricted purely to ODA eligible activities.

However, this good theory has had difficulties in practice. In March 2018, ICAI published a performance review of the Fund, which gave it a red/amber rating.¹² Specific areas of concern included inadequate results management, inconsistencies in the quality of the programming and erratic human rights risk management.

A lack of transparency was also highlighted, which was made more complicated by the CSSF's blend of ODA and non-ODA activities. Large tranches of information were redacted for national security reasons, making it difficult to assess the quality of significant elements of programming. The ICAI stated that:

"Sometimes sensitivity and confidentiality are used as arguments for the decision not to share information ... Although this may be valid in specific circumstances, our evidence indicates that this justification is over-used ...we found that different people classified CSSF documents in different ways, with some restricting access as the default option, and others not."¹³

Transparency:

A common criticism of ODA managed by other government departments is that they do not meet the historical levels of transparency that DFID has achieved. The importance of this critique has been recognised by the Government. In response, it is requiring that all government departments that spend ODA must achieve a 'good' or 'very good' rating on the International Aid Transparency Index.

In June 2018, Publish What You Fund released their 2018 *Aid Transparency Index*. The *Index* is the only independent measure of aid transparency commitment for the world's major development agencies. It ensures that donors disclose information on how they use aid, enabling the public to hold them accountable for making good on their aid commitments, and encouraging progress where it is needed.

DFID was rated as "very good" with a score of 90.9 out of 100, meaning it ranked 3rd out of 45 global donors. However, the Foreign and Commonwealth Office, scoring just 34.3 out of 100, was rated "poor" and ranked 40th out of 45 donors. The "poor" rating repeated the status acquired when the FCO last appeared in the index in 2014.

The results paint a worrying picture for the Government and its commitment to having not just the FCO, but all of its ODA spending departments reach the level of good or very good in the next 18 months before 2020.

Conclusion: Aid outside DFID – A valuable resource?

The management of a share of ODA by relevant government departments, not just the main aid agency, is a growing trend internationally. For example, in Switzerland, 38% of ODA spending in 2016 was delivered by departments other than the Swiss Agency for Development and Cooperation. In Sweden, which spends 1% of GNI annually on ODA, only roughly half of ODA spending was managed by Sida (the Swedish government authority for development cooperation). The majority of other ODA eligible expenditures were undertaken via its Ministry for Foreign Affairs. In fact, the UK is the only DAC donor to have an independent government department headed by its own senior minister to administer ODA.

These are complicated issues, Despite the valuable experiences other departments can bring to UK aid and development, the numerous problems that these departments and funds have incurred around transparency, aid effectiveness, secondary purposes, cross-government coherence and poverty focus, create a worrying picture at a time when their ODA budgets are set to increase.

Only some of these problems have been touched upon. Technical problems in delivering ODA outside the main aid agency are compounded when mixed with a narrative of providing ‘aid in the national interest.’ Dual objectives of national interest alongside poverty reduction can create an inherent tension, which results in secondary national interests eclipsing ODA’s primary aim of reducing poverty. Taking this to its furthest conclusion, an increasing emphasis on the promotion of UK interests can distract from the rightful emphasis of ODA on poverty reduction. It also has potential to be a worrying step toward the return of tied aid.

ODA is both an invaluable and finite resource. While relevant government departments can have a role to play in delivering ODA, this must be done cautiously, with ODA’s core objectives in mind. To that end, DFID should play a primary role in developing the skills and capacities of ODA-administering departments across Whitehall, while also ensuring consistently high standards for ODA administration.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572063/statistics-on-international-development-2016a.pdf

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697331/Statistics-International-Development-Provisional-UK-aid-spend2017.pdf

³ <https://dfidnews.blog.gov.uk/2018/01/16/media-coverage-of-penny-mordaunts-five-pledges-for-uk-aid/>

⁴ <https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme/cross-government-prosperity-fund-update>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/630077/conflict-stability-security-fund-annual-report-2016-2017.pdf

⁶ https://www.devex.com/news/new-dfid-leadership-team-sets-out-priorities-91997?utm_source=article&utm_medium=92981&utm_campaign=line

⁷ Conservative Party 2017 manifesto, P39, <https://s3.eu-west-2.amazonaws.com/conservative-party-manifestos/Forward+Together++Our+Plan+for+a+Stronger+Britain+and+a+More+Prosperous....pdf>

⁸ Ibid.

⁹ See <https://www.gov.uk/government/publications/uk-aid-tackling-global-challenges-in-the-national-interest>.

¹⁰<https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme/cross-government-prosperity-fund-update>

¹¹ ICAI follow up of The cross-government prosperity fund, P2, <https://icai.independent.gov.uk/wp-content/uploads/ICAI-Follow-up-Prosperity-Fund.pdf>

¹² From poorest to best, ICAI ratings are red, red/amber, amber, amber/green, green

¹³ ICAI (2018) The Conflict, Security and Stability Fund's Aid Spending:
<https://icai.independent.gov.uk/report/cssf/>